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AICPA *Washington Report*

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CIVIL AERONAUTICS BOARD

An extension of the comment period on the 11/4/80 proposal (see the 11/4/80 Fed. Reg. p. 73092), assessment of a civil penalty for a violation of its rules of conduct, has been recently granted by the Board (see the 12/11/80 Fed. Reg. pp. 81604-5). The proposal seeks to amend the rules of conduct which govern Board proceedings and are designed to prevent improper influence and unethical behavior in the conduct of Board activities. Comments are requested by 2/10/81. For additional information contact Richard B. Dyson at 202/673-5442.

COUNCIL ON WAGE AND PRICE STABILITY

Funds to assure the continuation of the Council on Wage and Price Stability (CWPS) will be provided as a result of the President's signature on S. 2352, the bill originally introduced to "increase the authorization and extend the duration of the Council on Wage and Price Stability." This measure will provide \$9.77 million for the period through 9/30/81. As originally introduced, the Administration had requested \$13m for FY1980 and \$25 million for FY 1981. If Congress had agreed with those requests, the CWPS staff would have been increased from 233 to 637 employees. In addition to normal operating expenses, the funds approved by Congress will enable the CWPS to hire two additional employees.

DEFENSE, DEPARTMENT OF

A final rule, incorporating changes in the Defense Acquisition Regulation, including the Contracts Disputes Act of 1978 and OFPP Policy Letter 80-3, has been published by the Department of Defense (see the 12/10/80 Fed. Reg., pp. 81402-472). The Defense Acquisition Regulation amendments were included in DAC 76-24, issued 8/29/80, and include the Contract Dispute Act, Women-Owned Business Concerns, and Small Business Concerns. For additional information contact J. Brannan at 202/267-6710.

FEDERAL RESERVE BOARD

A threshold for activity which would trigger reserve requirements on transaction accounts was the subject of a final rule recently adopted by the Board (see the 12/11/80 Fed. Reg., pp. 81536-37). Under the rule, a depository institution may permit a depositor to effect three or less telephone or preauthorized transfers from a transaction account during a statement cycle or similar period of at least four weeks without subjecting such an account to reserve requirements for transaction accounts. This action is intended to reduce the burden and cost of compliance with Regulation D - Reserve Requirements of Depository Institutions. The rule is effective 12/1/80. For additional information contact Gilbert Schwartz at 202/452-3625.

A second complete revision of Regulation Z, Truth in Lending, was recently proposed for comment by the Federal Reserve Board (see the 12/5/80 Fed. Reg., pp. 80648-738). The proposed rule would implement amendments to the Truth in Lending Act which was adopted as title VI of the Depository Institutions Deregulation and Monetary Control Act which becomes effective 4/1/82. Although the Act is not effective until 4/1/82, it requires the Board to have implementing regulations in place by 4/1/81. The Board issued its first draft for comments 5/5/80, and has now revised the proposal on the basis of comments received and its own analysis. Comments are requested by 1/19/81. For additional information contact the appropriate individual listed in the proposal at 202/452-2412 or 202/452-3667.

INTERSTATE COMMERCE COMMISSION

A cost recovery index to meet the requirements of Section 203 of the Staggers Rail Act of 1980 has been proposed by the Commission (see the 12/10/80 Fed. Reg., pp. 81217-36). The proposal also recommends that same index be used to replace existing rules and procedures for the filing of general rate increases by railroads. The proposal is intended to simplify and expedite recovery of cost increases through the use of a zone of reasonableness, the top of which is based on an index of railroad costs. Comments are requested by 1/9/81. For additional information contact Richard Felder or Jane Mackall at 202/275-7656.

SECURITIES AND EXCHANGE COMMISSION

An amendment to the filing and disclosure requirements for reporting beneficial ownership was recently adopted by the Commission (see the 12/11/80 Fed. Reg., pp. 81556-59). The rule, effective 1/12/81, deals with filings pursuant to Rule 13d-2(a) for amendments to Schedule 13D reports. The rule removes the availability of an exception to the requirement for amendment filing under 13d-2(a), which provided that an amendment would not be required if the acquisition of shares of a class together with all other acquisitions during the preceeding 12 months did not exceed 2% of that class. The rule was adopted to "close a disclosure gap in the beneficial reporting requirements." For additional information contact Scott Cooper at 202/272-2589.

TREASURY, DEPARTMENT OF

The treatment of income from qualified trade shows sponsored by certain exempt organizations is the subject of proposed rulemaking recently released by the IRS (see the 12/9/80 Fed. Reg., pp. 81066-68). The proposal, which would add section 1.513-2 to 26CFR Part 1, defines qualified convention and trade show activity and sets the requirements for exempt organizations. Prior to passage of the Tax Reform Act of 1976, certain activities in connection with conventions and trade shows were treated as unrelated trade or business activities and therefore part of an exempt organization's unrelated business taxable income. The IRS proposal implements an easing of the income restrictions contained in the 1976 Act. The proposal also implements a 1978 measure requiring an exempt organization to file its tax return on or before the 15th day of the fifth month following the close of its taxable year. Written comments are requested by 2/9/81. For additional information contact Joel Horowitz at 202/566-6212.

A discussion draft that presents a system for taxing foreign exchange gains and losses has been released by the Department (see the 12/11/80 Fed. Reg., pp. 81711-21). The rules would apply to foreign exchange gains and losses arising in a trade or business --- other than a trade or business of dealing in foreign currency, foreign-currency-denominated securities, or forward exchange contracts --- conducted by a corporation, trust or estate, partnership, or sole proprietorship. The Treasury Department "expresses no view as to the extent to which its proposals represent current law or may require legislation. Moreover, the positions taken in the discussion draft are tentative and subject to change based on public comment and further study." The report is based on the Department's own studies and on public comments received in response to the Treasury's request of 4/10/80. Comments on the discussion draft should be sent to H. David Rosenbloom, International Tax Counsel, U.S. Treasury Department, Washington, D.C. 20220. For additional information contact Thomas Horst at 202/566-8784.

A revised U.S. model estate and gift tax treaty, replacing a similar 7/79 model pact, was recently issued by the Treasury. The major changes from the previous model are the deletion of articles on ships and aircraft and, regarding partnerships, a specific paragraph on partnerships and trusts under the article "property not expressly mentioned." There is also a new marital deduction provision, "The general principal underlying the model is to grant to the country of domicile, the right to tax estates and transfers on a worldwide basis," the Treasury said. Further, "The model provides rules for resolving cases of dual domicile." To avoid double taxation, the model provides for a credit by the country of domicile for tax paid to another country with respect to property taxed on a situs basis.

A public hearing on IRS proposed rules to increase the range of imputed interest rates will be held 1/8/81 in Washington, D.C. (see the 12/8/80 Fed. Reg., p. 80837). The proposed regulations would revise existing rules on the imputed interest rates on loans between "related entities" and on deferred or installment payments for sales of certain property. The IRS also extended the deadline for written comments to 12/24/80. For additional information contact Charles Hayden at 202/566-3935.

SPECIAL: CPA ROBERT K. MAUTZ NAMED TO PUBLIC OVERSIGHT BOARD

Robert K. Mautz, CPA, has recently been named to the Public Oversight Board, which oversees the work of the accounting profession's self-regulatory program. Mr. Mautz, the first accountant to be named to the Board replaces the late Ray Garrett, Jr. Director of the Paton Accounting Center, Mr. Mautz is also a professor of accounting at the University of Michigan. He was formerly a partner with Ernst & Whinney and was president of the American Accounting Association, which consists primarily of members in academe. Currently, he is serving as chairman of the Governmental Accounting Standards Board Organization Committee. Additionally, Mr. Mautz is a member of the Accounting Hall of Fame and the AICPA.

For additional information, please contact
Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker
at 202/872-8190.

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